

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE IOWA ECONOMY

The importance of small business to the state of Iowa is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Iowa had 66,971 businesses with employees; 97.8 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 112,000 self-employed persons in 1996, for an estimated total of 178,971 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.2 percent to \$4.6 billion in 1996, while wage-and-salary income rose 5.5 percent. Total personal income rose 5.6 percent to \$38.4 billion. The state also exported \$2.7 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 92,500 women-owned businesses in Iowa, including part-time firms, employing 177,000 people and generating \$20.9 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 58.6 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 57.3 percent from 1987 to 1992, totaling 1,106 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 80.8 percent during the same time period with 859 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 617 in 1987, to 1,024 in 1992, representing a 66.0 percent increase.

Business Turnover - The number of new firms decreased 1.5 percent, while new business incorporations decreased 22.5 percent in 1996. Financial difficulties leading to business bankruptcies increased by 3.2 percent and business failures decreased by 20.9 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Iowa decreased from 528 in 1994 to 487 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
HOMELAND BK	Oelwein
AMERICAN ST BK	Osceola
HOUGHTON ST BK	Red Oak
DE WITT B&TC	De Witt
CITIZENS BK	Corydon
FARMERS & MERCHANTS SVG BK	Manchester
PEOPLES B&T	Rock Valley
WAUKON ST BK	Waukon
PILOT GROVE SVG BK	Pilot Grove
FARMERS ST BK	Jesup
HARDIN CTY SVG BK	Eldora
CLEAR LAKE B&TC	Clear Lake
HOMELAND BK NA	Waterloo
FIRSTAR BK IA NA	Des Moines

Job Growth - Small businesses created 51,873 of the 67,567 net new jobs from 1992 to 1996. These numbers clearly reflect the importance of small businesses as job creators.

Industries - The composition of small business in Iowa is very diverse. The Eating & Drinking Places industry is the largest small business employer in Iowa, followed by Health Services. The fastest growing industry for small business is Chemicals & Allied Products (represents industries that were at least 0.25% of the 1994 total).

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.